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C O N F I D E N T I A L SECTION 01 OF 03 KYIV 000059

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SUBJECT: EU-UKRAINE ASSOCIATION AGREEMENT: LONG WAY STILL  
TO GO

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Classified By: Ambassador John F. Tefft. Reasons 1.4 (b,d)

Summary

1. (C) Ukrainian Foreign Minister Poroshenko has declared the signing of an Association Agreement with the EU in 2010 to be one of Ukraine's top two foreign policy goals. At the same time, tough EU criticism of Ukraine's reforms stole the show at the December 4 Ukraine-EU Summit. GOU negotiators contend that both Ukraine and the EU will need to demonstrate determination to resolve remaining differences to reinforce the credibility of Ukraine's European aspirations. However, there is doubt as to whether either of the two front runners in the January/February Presidential election -- PM Tymoshenko or opposition leader Yanukovych -- would be willing to make the hard political choices needed to conclude in 2010 the Free Trade Agreement, which is the main impediment to wrapping up the Association Agreement. End Summary.

2009: FM Puts Positive Spin on EU-Ukraine Relations

2. (C) Calling 2009 a "breakthrough" year for EU-Ukraine relations, Foreign Minister Poroshenko said Ukraine's two main foreign policy goals for 2010 will be to sign the Association Agreement with the EU (which will necessitate the finalization of difficult Free Trade Area negotiations), and to achieve new security guarantees for Ukraine.

3. (C) As anticipated, the EU-Ukraine Summit held in Kyiv on December 4 produced little in the way of hard deliverables (reftel), but did recognize progress in important areas. Among other things, the two sides managed to finish most negotiations on the political and security aspects of the greatly-anticipated Association Agreement, although key areas of disagreement over specific language remained. The two sides announced the completion of the Association Agenda, designed to implement the terms of the Association Agreement, and therefore a significant practical achievement. Also important, although more qualified than the GoU had expected, the EU expressed support for Ukrainian membership in the European Energy Community.

The December Summit: EU Takes Off the Gloves

4. (C) While echoing EU officials' statements on possible goals for the relationship in 2010, Poroshenko's December 30 remarks did little to address the strong reservations expressed at the Summit by the EU earlier in the month. The frank and public nature of these reservations set a negative tone at the outset of those meetings, resulting in public perceptions that what might otherwise have been a quiet and uneventful meeting had ended up as a "trip to the EU woodshed" for Yushchenko and the GoU.

¶5. (U) In a BBC interview on the eve of the summit, EU Ambassador to Ukraine Jose Teixeira castigated the GoU for lack of progress over the past five years since the Orange Revolution. "The Government has done nothing," he said, pointing to failure to undertake constitutional and economic reforms, and in particular its lack of commitment to anti-corruption efforts. European Commission President Barroso the next day added that "promises are only partly met, commitments are only partly met, words are not always matched by actions."

¶6. (C) While the GoU had no pretensions to grand outcomes at the summit (reftel), Ukrainian negotiators did hope for compromise language recognizing Ukraine's European identity, recognition that the Visa Free Dialogue is intended to move Ukraine toward Schengen membership, and that this Dialogue would follow an articulated plan of action toward that end. Furthermore, imposition of new conditions for Ukraine to earn EU support for membership in the European Energy Community caught both MFA and the Cabinet of Ministers (CabMin) by surprise. Contacts in both agencies saw this as a counterproductive development, and speculated that Russia had leaned on EU members to slow Ukraine's progress.

¶7. (C) Our GoU interlocutors commented on the failure to reach agreement on a Joint Statement text, and expressed dismay that negotiations on the statement were continued in the summit meeting itself. "This is the first time in history a Joint Statement was agreed in the summit meeting", opined Vadym Triukhan, Director of the CabMin's Coordination Bureau for European and Euro-Atlantic Integration. Andrei

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Pravednyk, Deputy Director of the MFA EU Department, regretted the EU's unwillingness to use the summit to generate new momentum.

¶8. (C) Nevertheless, GoU interlocutors at CabMin and MFA remained optimistic that progress would continue. According to Triukhan, the EU is not holding off on contacts until after Ukraine's presidential elections in January/February. He highlighted the fact that despite the distractions of the Lisbon Treaty process, the EU kept the summit date with Ukraine. Pravednyk observed that the Association Agreement with Ukraine is actually a novel instrument for the EU, even though the title has been used many times, and its very novelty is slowing down internal EU processes. Pavlo Klimken, Pravednyk's boss, added that there will be new opportunities to move EU-Ukraine relations forward after the presidential elections, and told us the main achievement of this year's summit was that it maintained momentum in the relationship despite the significant domestic distractions for both sides.

#### Myths and Underlying Challenges

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¶9. (C) Ukrainian and international coverage of the negative atmospherics of the summit overshadowed the positive, though relatively minor, elements of progress over the past year. MFA, CabMin, and expert contacts admitted that exaggerated promises (reftel) made by President Yushchenko created false expectations among Ukrainians and deeply irritated the EU. Still, they noted that media in Kyiv and Europe quickly and inaccurately ascribed both Yushchenko's inability to finalize the Association Agreement and the EU's refusal to provide Ukraine a membership perspective - neither of which were ever realistic goals - to the EU's public complaints, transforming the not-unusual lack of high-profile summit deliverables into an indictment of Yushchenko's presidency and Ukraine's European potential.

¶10. (C) Director of the International Center for Policy Studies in Kyiv, Olga Shumylo, said the situation illustrates the myths that surround the idea of EU membership for

Ukraine, and the misunderstanding of the long-term process on which Ukraine has embarked. Domestic resistance to new and European norms is so significant that even a Membership Perspective would do little to rally Ukrainian civil servants to the cause of reform.

¶11. (C) According to Shumylo, there are three groups within the GoU: those who really understand the benefits of reforming to European standards; those who "defend" Ukrainian interests by seeking both treatment as equals in the relationship and EU recognition that Ukraine can decide its own standards and approaches to reform; and, the largest group, those who are not interested in change, not much interested in European standards, and are not much interested in Europe. Shumylo's comments were echoed by Pravednyk, who argued that real progress and reform would require generational change within the GoU. However, he noted that the situation is complicated by the fact that the old system continues to shape incoming civil servants. Western exposure and both student and professional exchanges are the key to reshaping attitudes, he said.

#### Ukrainian Elections and the EU

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¶12. (U) In televised remarks January 12, presidential front runner Viktor Yanukovych sketched an outline of his prospective foreign policy, including Ukraine-EU relations. While a number of his immediate goals will maintain the current course (achieving the Free Trade Agreement, a visa-free regime, and wrapping up the Association Agreement), Yanukovych will drop the push for a membership perspective. Instead, he said, the process of achieving European social and technical standards is what should motivate Ukraine to reform; discussion of membership should begin only when Ukraine has attained those standards. He emphasized, however, that while Ukraine will value European guidance and examples of such standards, "we must convince our partners to the east and west to treat us with respect." In separate remarks in late December, Yanukovych stated that he sees EU membership as Ukraine's long-term goal and will work toward that end.

¶13. (C) For her part, fellow candidate and main rival Prime Minister Yulia Tymoshenko has also taken the spotlight off EU membership, in favor of "creating Europe in Ukraine." While her official "manifesto" (platform) statement focuses on creating trade and economic opportunities for Ukraine, during a short troika-format meeting on the margins of the December summit, Tymoshenko did not make demands or requests of her EU

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counterparts. Instead, the Prime Minister said eighteen years of opportunity for real reform have been wasted in Ukraine; her task is to see Ukraine live as any EU member state, which will require urgent reforms. She estimated that voters might give her at most 18 months to prove herself if she is elected president, and said energy, agricultural and electoral reform will be her top priorities.

¶14. (U) Currently running third, come-from-behind candidate Serhi Tihipko may finish the election in position to become Prime Minister. His foreign policy is pragmatic, and focused on repairing relations with Russia. He has stated that Ukraine has no need for EU membership and rather than be treated as a less than equal partner in negotiating membership in an organization he believes is outdated, Tihipko hopes to make Ukraine a bridge in relations between Europe and Russia.

Comment  
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¶15. (C) Young, reform-oriented officials with whom we spoke (Tryukhan, Klimken, and Pravednyk) were philosophical and calm about Ukraine's long-run challenges and optimistic about the EU's commitment to Ukraine. All three told us that the

first 300 days of the new presidential administration would be crucial for proving Ukraine's ability to reform. Ukraine must receive clear signals from the EU for the process to have credibility with Ukrainian society. Shumylo's view that the GoU has not done enough to explain to Ukrainians that the reforms themselves are the real value-added of the process has merit. Ukrainian leaders, Yushchenko in particular, have been fond of declarations, but less fond of the nitty-gritty of reforms, and short term political costs, required. Many of our contacts, including EU diplomats, question whether the next Ukrainian administration will be willing to make the hard political choices needed to secure signing of the Free Trade and Association Agreements in 2010.

TEFFT